

## Message Text

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12

ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02

IO-11 SS-15 NSC-05 PA-01 PRS-01 /110 W

----- 108436

R 031801Z EAR 76

FM AMEMBASSY LONDON

TO AMEMBASSY LIMA

INFO SECSTATE WASHDC 9525

AMEMBASSY MANILA

C O N F I D E N T I A L LONDON 03386

DEPARTMENT PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN, EAID, PE, UK

SUBJECT: ALLEGED REFUSAL OF LOAN TO GOP

REF: LIMA 1973

1. FINANCIAL ATTACHE HAD DISCUSSION WITH OFFICIAL AT LAZARD BROTHEPS AND CO. LTD., LONDON, CONCERNING ALLEGATIONS IN REFTEL. SOURCE DID NOT HAVE FACTS AT FINGERTIPS BUT CALLED BACK TO REPORT THAT THERE ARE APPARENTLY SOME MISINTERPRETATIONS. THE IRRIGATION PROJECT IN QUESTION REQUIRES LONG-TERM FINANCE. THE FIRST STAGE OF THE PROJECT WAS HANDLED BY HAMBROS BANK AS THE LEADING UNDERWRITER BECAUSE OF HAMBROS OWN CLIENTS' INVOLVEMENT.

2. LAZARD CAME INTO THE SECOND STAGE OF PROJECT BECAUSE OF ITS INVOLVEMENT WITH THE UK FIRM OF TARMAC, WHICH IS LINKED, AT LEAST IN THE PROJECT, TO AN AMERICAN GROUP HEADED BY EISENBERG. LAZARD, WHICH IS NOT A COMMERCIAL BANK BUT RATHER A LONDON ACCEPTANCE HOUSE AND MERCHANT

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BANK, WAS ASKED TO PUT TOGETHER A 6 TO 9-MONTH SYNDICATED BRIDGING LOAN, LAZARD DOES NOT HAVE LARGE FUNDS AND WOULD NOT NORMALLY EXPECT TO PUT UP ANY SUBSTANTIAL CONTRIBUTION FROM ITS OWN RESOURCES. IT IS AN INTERMEDIARY. HOWEVER, LAZARD HAS FOUND IT IMPOSSIBLE TO OBTAIN THE FINANCING FROM COMMERCIAL BANKS. SOURCE CHARACTERIZED LAZARD'S POSITION AS "UNABLE BUT NOT UNWILLING" TO HANDLE THE OPERATION. FAILURE STEMS FROM ITS INABILITY TO OBTAIN THE FINANCING FROM OTHER SOURCES. PERU'S CREDIT STANDING IS SUCH THAT THEY ARE NOT WILLING TO PROVIDE THE FUNDS. THEREFORE, LAZARD AS THE INTERMEDIARY WAS UNABLE TO PUT TOGETHER THE PACKAGE. SOURCE HERE DID NOT HAVE ANY COMMENT ON THE REPORT THAT THE LOAN WAS TURNED DOWN BECAUSE OF GENERAL DE LA FLOR'S SPEECH IN MANILA; HE VERY CLEARLY BLAMED PERU'S INTERNATIONAL CREDIT STANDING RATHER THAN ANY PARTICULAR SPEECH.

3. SOURCE PASSED ON ABOVE DETAILS IN CONFIDENCE AND WITH REQUEST THAT THEY NOT BE MADE AVAILABLE OUTSIDE U.S. GOVERNMENT CIRCLES. EMBASSY ASSURED HIM THAT THESE STRUCTURES WOULD BE HONORED.

4. COMMENT. IT MAY BE THAT DE LA FLOR SPEECH DID PLAY A ROLE IN THE ASSESSMENT OF THE COMMERCIAL BANKS IN THEIR REFUSAL TO MAKE FUNDS AVAILABLE. SOURCE HAS BEEN FAVORABLY KNOWN TO FINANCIAL ATTACHE FOR A NUMBER OF YEARS. WE ARE WILLING TO TAKE HIS EVALUATION AT FACE VALUE.

SPIERS

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** ALLEGATIONS, BANK LOANS, DEBT REPAYMENTS, SPEECHES  
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**Draft Date:** 03 MAR 1976  
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**Disposition Approved on Date:**  
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**TAGS:** EAID, EFIN, PE, UK, LAZARD BROTHERS & CO LTD, (DE LA FLOR VALLE, MIGUEL)  
**To:** LIMA  
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